



The Department of Rail and Public Transportation

**Annual Budget
Final
Fiscal Year 2004 - 2005**

The Smartest Distance Between Two Points

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The Department of Rail and Public Transportation

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June 16, 2004

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Dear Members of the Board:

This document contains the Department of Rail and Public Transportation's recommended Fiscal Year 2004-2005 annual budget for your approval. The Fiscal Year 2005 budget totals \$266.3 million and increase of slightly over 10% from Fiscal Year 2004. The Commonwealth's investment of \$266.3 million supports an overall program of public transportation and rail of \$768.5 million.

The major revenue streams supporting the budget from state sources include \$127.2 million from the Transportation Trust Fund, \$64.8 million in funds from the Virginia Transportation Act of 2000 as amended, and \$7.3 of Dulles Toll Road funds. The federal revenues of \$60.7 million consist of \$27.3 million in Surface Transportation Program funds, \$8.2 million in Minimum Guarantee funds, \$24.3 million in Federal Transit Administration funds and \$750,000 in Federal Rail Administration funds.

Recommended allocations are \$226.9 million for the mass transit assistance program, including \$100.3 million for Formula (Operating) Assistance, \$119.6 million for Capital Assistance, \$5.1 million for Special Programs and \$1.8 million for Federal and Regulatory Programs. The Rail Assistance program allocation is funded at \$34.1 million. The balance of the budget is less than 3% is for administration and support to other agencies.

We will be glad to answer any questions you may have concerning the budget.

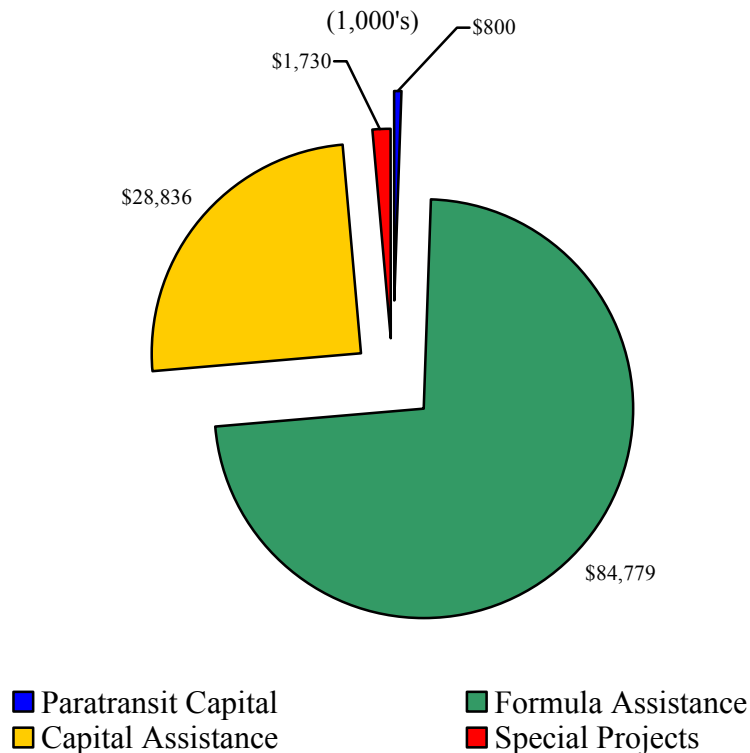
Sincerely,

Karen J. Rae, Director

Summary of FY05 State Aid to Public Transportation

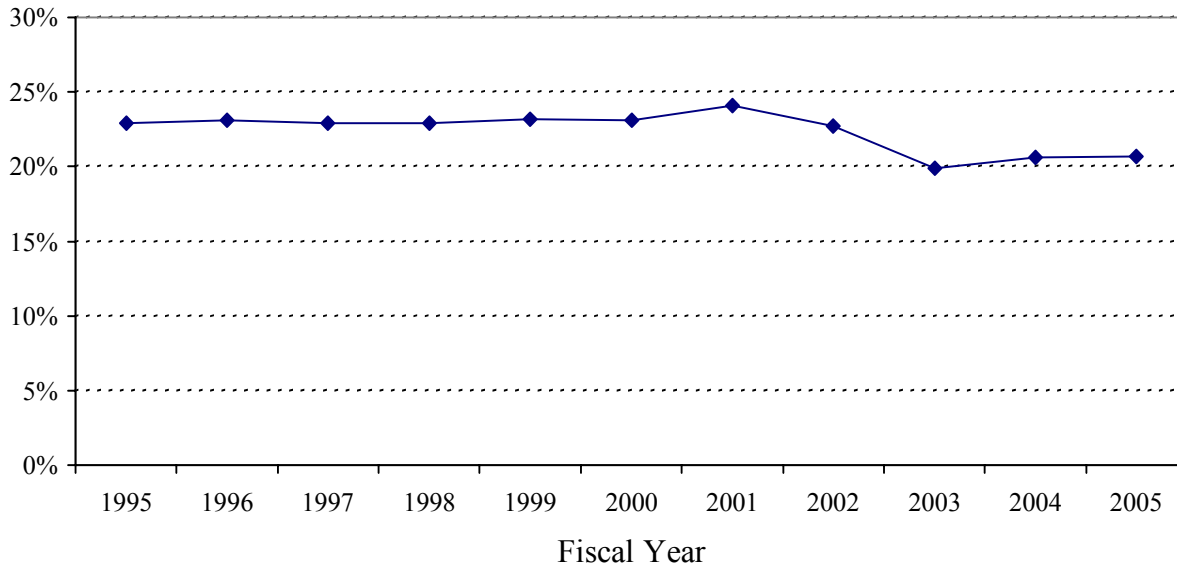
The fiscal year 2005 allocation of Mass Transit Trust Funds totals \$116 million. This is an increase of over \$6 million from fiscal year 2004. This allocation is made up of 14.7% of the 1986 Special Session Revenue (Transportation Trust Fund) and is adjusted by estimates of interest that will be earned; carry over from the previous fiscal year; and indirect charges. The annual allocation of these funds is distributed in accordance with Appropriations Act language and the provisions of the Section of Virginia Code that establishes the Mass Transit Trust Fund (§58.1-638.A.4). The distribution is as follows: \$800,000 is taken off of the top for paratransit capital projects; then 73.5% is allocated as state operating assistance grants (called formula assistance grants); 25% is awarded as capital assistance grants; and the balance of 1.5% is awarded as special projects grants.

FY05 Mass Transit Trust Fund



State formula assistance grants are awarded on the basis of the total annual amount of state funds available expressed as a percent of the total annual amount of transit operating expenses. Transit operating expenses across the state totaled \$410.4M for the last completed fiscal year (FY03). The amount of formula assistance available represents 20.7% of that total (410.4/84.8). Therefore in FY05 each transit system will receive state aid in the amount of 20.7% of their FY03 operating expenses. The state share of total operating expenses fluctuates from year to year but has remained in the range of 20% to 24% in the last ten years as shown in the table below.

State Share of Total Operating Expenses



State formula assistance grants increased for most transit properties in FY05. The table below shows district summaries for state formula assistance.

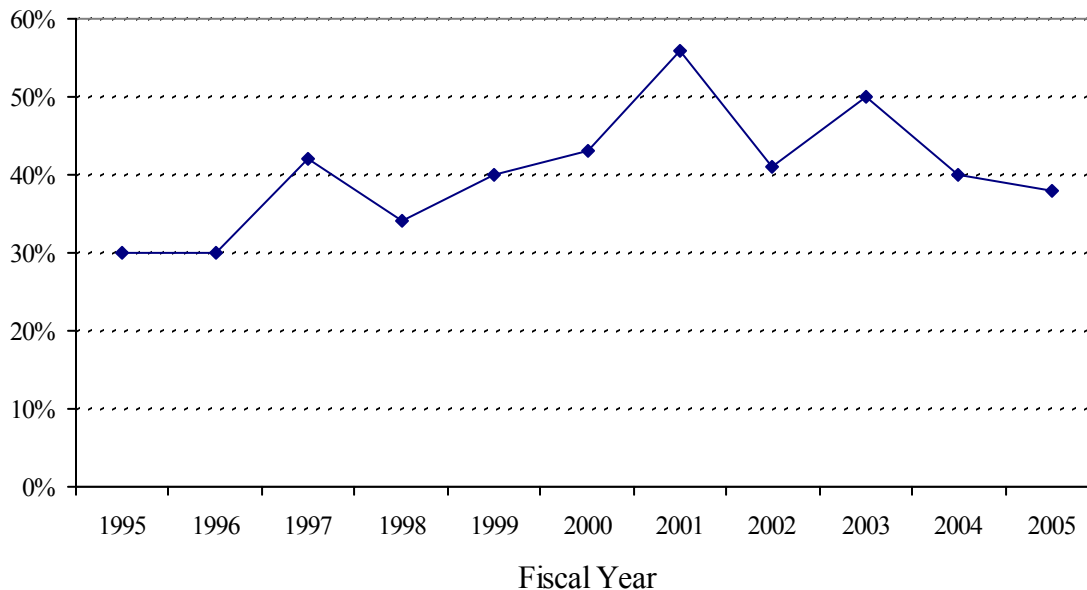
State Aid for Public Transportation Operating Expenses

	Number of Transit Systems Receiving Aid in FY04	Number of Transit Systems Receiving Aid in FY05	State Formula Assistance for FY04 (\$1,000's)	State Formula Assistance for FY05 (\$1,000's)	Increase or (Decrease) from FY04 to FY05 (\$1,000's)
Bristol District	6	6	616.6	662.0	45.4
Culpeper District	3	6	1,262.8	1,435.1	172.3
Fredericksburg District	2	3	351.2	470.7	119.5
Hampton Roads District	3	3	10,410.8	10,405.1	(5.7)
Lynchburg District	3	3	856.8	939.1	82.3
Northern Virginia District	9	10	58,133.3	60,521.2	2,387.9
Richmond District	5	5	6,225.9	7,084.8	858.9
Salem District	3	3	1,443.1	1,526.6	83.5
Staunton District	3	9	482.1	746.2	264.1
Statewide Totals	37	48	79,782.6	83,790.7	4,008.1

State capital assistance grants are awarded to all projects deemed to be eligible, reasonable and appropriate at a uniform annual level of state participation. This level of participation or “state share” of capital project expenses is calculated by dividing the amount of state funds available for capital projects each year by the amount needed to support the non-federal share of all transit capital projects for the

year. In FY05 the state share of capital expenses is 38%. The maximum allowable state share of capital expenses is 95% but there have not been sufficient funds to support transit capital projects at this level since the Mass Transit Trust Fund was created in 1986. The state share for capital projects has ranged from a high of 56% to a low of 30% over the last ten years as depicted in the table below.

State Share of Non-Federal Capital Expenses



In FY05, \$28.8M will be available to support public transportation capital projects across the Commonwealth. The projects that will be supported by these funds and additional federal funds available to DRPT are summarized in the table below.

Public Transportation Capital Projects

	Replacement Transit Vehicles	Expansion Transit Vehicles	Paratransit E&H Vehicles	Service Support Vehicles	Transit Facility Construction or Renovation	Transit Facility Planning or Design
Bristol District	11	0	1	0	1	1
Culpeper District	8	5	3	1	1	1
Fredericksburg District	5	2	4	0	1	0
Hampton Roads District	21	2	9	1	1	1
Lynchburg District	3	0	3	1	1	0
Northern Virginia District	60	12	5	1	6	2
Richmond District	1	0	11	1	2	0
Salem District	15	5	10	1	2	1
Staunton District	6	2	12	0	0	1
Statewide Totals	150	28	58	6	15	7

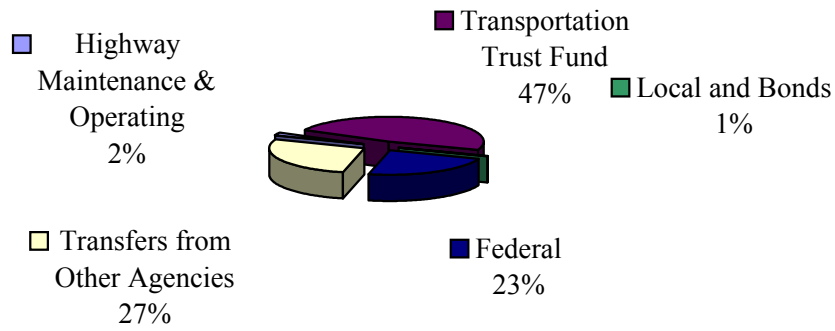
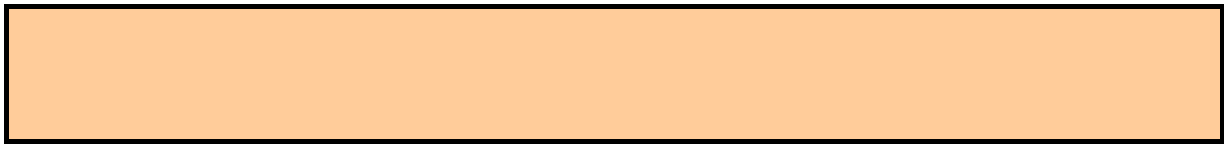
The Special Projects grants will receive an allocation of \$1.7M in FY05. These funds are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, public transportation internships and transportation demand management (TDM) projects. In addition to these funds, \$3.0M is appropriated for FY05 to support TDM projects in a program called the Transportation Efficiency Improvement Fund (TEIF) program. The TEIF program also is a discretionary grant program that provides state funds to support 80% of the costs of TDM programs and special projects that are designed to reduce single occupant vehicle travel. These funds are used together with Special Projects funds to support vanpooling, ridesharing, marketing and promotional efforts across the Commonwealth that are designed to encourage travel in shared ride modes.

The distribution across the state of TEIF and Special Projects grants for FY05 is shown in the table below.

Transportation Demand Management and Special Projects

	Transportation Demand Management Agencies	Special TDM Projects	Demonstration Projects	Technical Assistance Projects	Public Transportation Internships	Total
Bristol District	0	0	0	1	0	1
Culpeper District	2	1	1	1	0	5
Fredericksburg District	3	0	2	1	1	7
Hampton Roads District	0	0	2	1	0	3
Lynchburg District	0	0	2	1	0	3
Northern Virginia District	5	1	2	3	3	14
Richmond District	1	1	2	1	1	6
Salem District	1	1	3	1	1	7
Staunton District	1	0	2	0	0	3
Statewide Totals	13	4	16	10	6	49

Additional detailed information on formula assistance, capital assistance, special projects, and TEIF grants for FY05 is found in the Commonwealth Transportation Board FY05 Six Year Improvement Program.



FROM HIGHWAY MAINTENANCE AND OPERATING FUND	\$5,421,072
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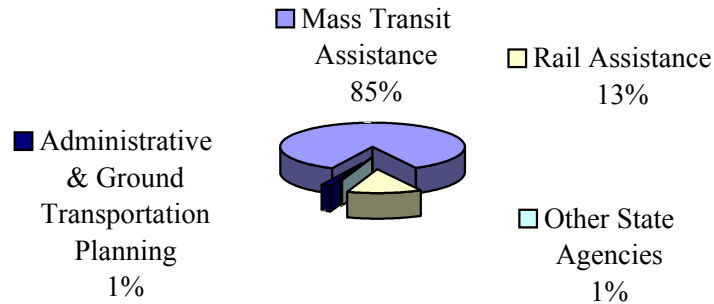
TRANSPORTATION TRUST FUND

1986 Special Session Revenue (14.7%)	114,161,400
Interest Revenue	1,540,000
Unobligated Balance	770,507
Transportation Efficiency Improvement Program (TEIF)	3,000,000
Rail Preservation Program	3,000,000
Richmond Highway Transit Project	800,000
Surface Transportation Program Regional - (State Match)	3,959,200

TOTAL TRANSPORTATION TRUST FUND	127,231,107
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FROM FEDERAL REVENUE

**DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
RECOMMENDED ALLOCATIONS
FISCAL YEAR 2004 - 2005**



ADMINISTRATIVE AND SUPPORT SERVICES **\$1,569,685**

GROUND TRANSPORTATION SYSTEM PLANNING & RESEARCH **\$2,623,428**

MASS TRANSIT ASSISTANCE

Special Programs	5,150,248
Formula (Operating) Assistance	100,343,646
Capital Assistance	119,626,739
Federal and Regulatory Programs	1,801,824
Budgetary Reserve - TTF Mass Transit Trust Fund Share	0

TOTAL MASS TRANSIT ASSISTANCE **226,922,457**

RAIL ASSISTANCE

Rail Capital Assistance	33,367,000
Federal and Regulatory Programs	800,000

TOTAL RAIL ASSISTANCE **34,167,000**

SUPPORT TO OTHER STATE AGENCIES

Department of Treasury	33,400
General Fund Transfers	994,004

TOTAL SUPPORT TO OTHER STATE AGENCIES **1,027,404**

TOTAL ALLOCATIONS **\$266,309,974**

ESTIMATED TRANSFERS AND REVENUE SOURCES

FISCAL YEAR 2004 - 2005

FINAL FY 2004 vs. RECOMMENDED FY 2005

	FINAL 2003-2004	RECOMMENDED 2004-2005	INCREASE (DECREASE)	
HIGHWAY MAINTENANCE AND OPERATING FUND	\$4,359,322	\$5,421,072	\$1,061,750	(1)
TRANSPORTATION TRUST FUND				
1986 Special Session Revenue (14.7%)	112,119,800	114,161,400	2,041,600	(2)
Interest Revenue	565,000	1,540,000	975,000	(3)
Unobligated Balance	355,200	770,507	415,307	(3)
Transportation Efficiency Improvement Program (TEIF)	1,900,000	3,000,000	1,100,000	(4)
Rail Preservation Program	3,000,000	3,000,000	0	(4)
Congestion Relief Program & Richmond Highway Transit	5,662,740	800,000	(4,862,740)	(4)
Surface Transportation Program Regional - (State Match)	1,781,800	3,959,200	2,177,400	(4,6)
TOTAL TRANSPORTATION TRUST FUND	125,384,540	127,231,107	1,846,567	
FEDERAL REVENUE				
6% Surface Transportation Program	10,938,800	9,577,800	(1,361,000)	(5)
10% Minimum Guarantee	8,880,000	8,270,000	(610,000)	(5)
Congestion Mitigation and Air Quality (CMAQ)	0	0	0	(6)
Federal Transit Administration	32,224,471	24,357,535	(7,866,936)	(7)
Federal Rail Administration	750,000	750,000	0	(7)
Surface Transportation Program -- Regional	7,127,200	15,836,800	8,709,600	(6)
CTB Statewide STP	3,294,000	0	(3,294,000)	(6)
STP Funds Carryover	105,103	1,936,900	1,831,797	(6)
	63,319,574	60,729,035	(2,590,539)	
LOCAL REVENUES AND BOND PROCEEDS				
Local Revenues	521,678	647,098	125,420	(9)
TOTAL LOCAL REVENUES AND BOND PROCEEDS	521,678	647,098	125,420	
TRANSFERS FROM OTHER AGENCIES				
Department of Social Services Transfers	2,618,900	0	(2,618,900)	(9)
Department of Motor Vehicle Transfers	75,000	50,000	(25,000)	(7)
Department of Transportation - Dulles Toll Road Transfers	10,284,675	7,384,661	(2,900,014)	(8)
Department of Transportation - VTA 2000 Transfers	33,628,000	64,847,000	31,219,000	(10)
TOTAL TRANSFERS FROM OTHER AGENCIES	46,606,575	72,281,661	25,675,086	
TOTAL ESTIMATED REVENUE	\$240,191,689	\$266,309,973	\$26,118,284	

RECOMMENDED ALLOCATION OF ESTIMATED TRANSFERS AND REVENUES**FISCAL YEAR 2004 - 2005****FINAL FY 2004 vs. RECOMMENDED FY 2005**

	FINAL 2003-2004	RECOMMENDED 2004-2005	INCREASE (DECREASE)	
ADMINISTRATIVE AND SUPPORT SERVICES	\$1,187,889	\$1,569,685	\$381,796	(1)
GROUND TRANSPORTATION SYS. PLANNING & RESEARCH	\$2,054,601	\$2,623,428	\$568,827	(1)
 MASS TRANSIT ASSISTANCE				
Special Programs	3,826,997	5,150,248	1,323,251	(2)
Formula (Operating) Assistance	97,857,584	100,343,646	2,486,062	(2)
Capital Assistance	117,945,769	119,626,739	1,680,970	(2,10)
Federal and Regulatory Programs	1,777,402	1,801,824	24,422	(2)
Budgetary Reserve - TTF Mass Transit Trust Fund Share	2,940,000	0	(2,940,000)	(2)
 TOTAL MASS TRANSIT ASSISTANCE	224,347,752	226,922,457	2,574,705	
 RAIL ASSISTANCE				
Rail Capital Assistance	10,850,000	33,367,000	22,517,000	(4,10)
Federal and Regulatory Programs	825,000	800,000	(25,000)	(7)
 TOTAL RAIL ASSISTANCE	11,675,000	34,167,000	22,492,000	
 SUPPORT TO OTHER STATE AGENCIES				
Department of Treasury	33,400	33,400	0	(11)
General Fund Transfers	893,047	994,004	100,957	(11)
 TOTAL SUPPORT TO OTHER STATE AGENCIES	926,447	1,027,404	100,957	
 TOTAL RECOMMENDED ALLOCATIONS	\$240,191,689	\$266,309,974	\$26,118,285	

FOOTNOTES

- (1) Included in the HMO revenue/allocation is \$1,569,685 for General Administration, \$2,623,428 for Transportation Planning, \$224,846 for Washington Metropolitan Area Transit Commission (WMATC), and \$278,934 for Section 5303 matching funds. The major reason for the increase in this budget amount is due to Virginia Department of Transportation transferring 8 Full time positions along with salary, fringe and administrative cost to Department of Rail and Public Transportation. Indirect cost and payroll services from Department of Accounts.
- (2) Legislation passed during 1998 revised the formula for distribution of funds to the Mass Transit Fund. The allocation from the Transportation Trust Fund has been revised from 14.5% to 14.7%. The allocation for Mass Transit Assistance is 1.5% for Special Programs, 73.5% for Formula (Operating) Assistance, and 25% for Capital Assistance. Includes distribution of applicable Federal Revenues, Local Revenues, Bond Proceeds, Transfers from other agencies, and portion of HMO by appropriate Mass Transit Assistance Allocation. There is no Budgetary Reserve for FY 2005.
- (3) The unobligated balance are balances from Fiscal Year 2004 Mass Transit Assistance Program and Rail Assistance Program. Interest Revenue is calculated based on cash balance of Transportation Trust Fund.
- (4) The funding source for each of these programs is the Highway Construction Fund. Busfare Buydown are being are being funded with Priority Transportation Funds for FY 05. Congestion Relief program was not continued in FY 2005. The Transportation Efficiency Improvement Program was increased to 3 million starting in FY 2005. Surface Transportation Program are allocated by the regional MPO's to the system and modes. The STP-R federal and state match are based on grant applications received for FY 2005.
- (5) Under the Secretary of Transportation portion of the proposed Budget Bill for FY 2005 provides that 10% of federal Minimum Guarantee Funds shall be allocated to transit projects, and 6% of the federal Surface Transportation Program funds shall be allocated for public transit purposes.
- (6) CMAQ and Surface Transportation Program Regional are allocated by the regional MPO's to the system and modes. The final distribution for CMAQ unds are not available for the Recommended FY 2005 Annual Budget. The Federal STP-R is based on grant applications for FY 2005. There is no CTB Statewide STP for FY 2005.
- (7) Federal Transit Administration, Federal Rail Administration and National Highway Traffic Safety Administration (pass through from Division of Motor Vehicles) for grants administered by DRPT.
- (8) Eighty-five percent (85%) of excess Dulles Toll Road revenues are allocated to transit.
- (9) Local Revenues for match on Section 5310 and state paratransit program. There were no TANF Funds allocated from DSS due to no federal allocation for Job Access Reverse Commute Program.
- (10) Virginia Transportation Act of 2000, as amended allocations for FY 2005 funds for high speed rail and metrorail expansion, Dulles Corridor Rapid Transit Project, metrorail rolling stock replacement and VRE Express Service capital.
- (11) The proposed Budget Bill for FY 2005 requires a transfer for financial management of nongeneral funds. This estimate is based upon the basis points charged by the Department of Treasury and nongeneral funds agencies transfer to General Fund for indirect costs and other legislated transfers.